

Message Text

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SUBJECT: ROC'S TRADE FOR JANUARY 1976

REF : TAIPEI A-017, JANUARY 23, 1976

1. SUMMARY, ROC TOTAL TRADE IN JANUARY INCREASED 13.3 PERCENT OVER JANUARY, 1975, US\$987 MILLION VERSUS \$871 MILLION RESPECTIVELY. FURTHERMORE, TRADE BALANCE TURNED POSITIVE WITH SURPLUS OF \$60 MILLION ON BASIS OF EXPORTS WORTH \$523 MILLION AND IMPORTS WORTH \$464 MILLION. WHILE SURPLUS ON REGULAR MONTHLY BASIS UNLIKELY THIS YEAR, THIS DEVELOPMENT ENCOURAGING TO ROC SINCE IT RELIEVES PRESSURE FOR DEVALUATION AND OFFERS HOPE OF TRADE EXPANSION FOR YEAR AS WHOLE. END SUMMARY

2. ROC TRADE IN JANUARY 1976 ON CUSTOMS BASIS TOTALED \$987 MILLION, SHOWING AN INCREASE OF 13.3 PERCENT OVER SAME MONTH IN 1975. EXPORTS AMOUNTED TO \$523 MILLION AND IMPORTS TO \$464 MILLION, REPRESENTING INCREASES OF 28.1 PERCENT AND 0.3 PERCENT, RESPECTIVELY, OVER JANUARY 1975. RESULTANT \$59 MILLION TRADE SURPLUS
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COMPARED TO \$54 MILLION DEFICIT A YEAR AGO. THIS DOES

NOT MEAN TURNING OF TIDE (TRADE DEFICIT EXISTED IN MOST MONTHS SINCE MARCH 1974) BUT IT COULD IMPLY A TREND OF REDUCED TRADE DEFICIT IN 1976 PROVIDED THERE IS NO STRONG INFLATION. HOWEVER, TOTAL TRADE IN JANUARY 1976 DECREASED BY 20.5 PERCENT FROM PRECEDING MONTH. SEASONAL FACTORS, UNUSUALLY LARGE TRADE VOLUME IN DECEMBER (19 PERCENT MORE THAN NOVEMBER), AND THE FACT THAT LUNAR NEW YEAR CAME EARLIER THIS YEAR WHICH RESULTED IN TWO-DAY HOLIDAY ON JANUARY 30 AND 31 COMPARED TO SIMILAR HOLIDAYS FALLING IN FEBRUARY 1975 ACCOUNTED FOR THAT DECREASE.

3. AMONG EXPORT CATEGORIES, LEADING INDUSTRIAL EXPORTS SUCH AS TEXTILES, ELECTRONICS, PLASTICS, PLYWOOD AND MACHINERY REGISTERED VERY STRONG INCREASES- IN THE RANGE OF 43 TO 72 PERCENT, WHILE PROCESSED FOOD ITEMS (SUGAR, CANNED MUSHROOMS, ASPARAGUS AND PINEAPPLE) SUFFERED SETBACKS. ON IMPORT SIDE, MANY HEAVY AND CAPITAL EQUIPMENT ITEMS AND RAW MATERIALS, EXCEPT CRUDE OIL, SHOWED DECREASES. USA AND JAPAN REMAINED ROC'S NUMBER ONE AND TWO TRADE PARTNERS, HAVING REGISTERED RELATIVE SHARES OF 29.8 PERCENT AND 22.1 PERCENT OF THAT MONTH'S TOTAL TRADE. ROC ACHIEVED \$80.2 TRADE SURPLUS WITH USA (COMPARED TO \$29.1 MILLION DEFICIT A YEAR AGO) AND SUFFERED \$113 MILLION DEFICIT FROM JAPAN (RISING FROM \$89.4 MILLION IN JANUARY 1975).

4. COMMENT. ACHIEVEMENT OF TRADE SURPLUS ENCOURAGING TO GROC AS IT RELIEVES PRESSURE FOR DEVALUATION AT LEAST TEMPORARILY, AND OFFERS HOPES FOR CONTINUED EXPANSION OF TRADE FOR YEAR AS WHOLE AS A STIMULANT TO GROWTH.
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